

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 3
Mtg. Date March 6, 2018
Dept. Public Works

Item Title: **Lemon Grove Avenue Realignment Project Update**

Staff Contact: Mike James, Assistant City Manager / Public Works Director

Recommendation:

Adopt a resolution (**Attachment B**) approving the revised scope of work and project budget for the Lemon Grove Avenue Realignment Project.

Item Summary:

On June 21, 2016, the City Council awarded a construction contract to West Coast General Corporation (WCG) to construct the Lemon Grove Avenue Realignment Project (LGA Realignment Project). The approved base bid was \$5,506,461.19 and the estimated timeline to complete the project was 12 months from July 15, 2016.

The staff report (**Attachment B**) describes several events that impacted the scope of work, timeline to complete the project, and the project budget. Those events also negatively impacted the original plan to underground all overhead utilities in conjunction with the LGA Realignment Project. The staff report will detail the specific reasons for the projects delay, how those delays impacted the project budget, and explains how the undergrounding project will continue to move forward as a separate project from the LGA Realignment Project.

Fiscal Impact:

If approved the following three financial actions will be taken:

1. The contract with WCG will increase in an amount not to exceed \$759,000, and
2. The agreement with IEC will increase in an amount not to exceed \$67,080, and
3. The agreement with Rick Engineering for project management will increase in an amount not to exceed \$77,000.

Environmental Review:

☒ Not subject to review

☐ Negative Declaration

☐ Categorical Exemption, Section []

☐ Mitigated Negative Declaration

Public Information:

☒ None

☐ Newsletter article

☐ Notice to property owners within 300 ft.

☐ Notice published in local newspaper

☐ Neighborhood meeting

Attachments:

A. Staff Report

C. LGA Realignment Project Budget
Summary

B. Resolution

D. 20A Overhead Utility Undergrounding
Map

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 3

Mtg. Date March 6, 2018

Item Title: **Lemon Grove Avenue Realignment Project Update**

Staff Contact: Mike James, Assistant City Manager / Public Works Director

Background:

In April 2016, the City advertised a notice inviting bids for the Lemon Grove Avenue Realignment Project (LGA Realignment Project) which will realign Lemon Grove Avenue off/on ramp from State Route 94 to North Avenue. On June 21, 2016, the City Council awarded a construction contract to West Coast General Corporation (WCG) to construct the LGA Realignment Project. Staff recommended the following project budget which incorporated only the core elements of the project using the base bid only:

| Description | Amount |
|---------------------------|-----------------------|
| Construction Costs | \$5,506,461.19 |
| Hazmat | \$100,000 |
| Supplemental Costs | \$100,000 |
| Utility Agency Fees | \$50,000 |
| RWCQB Fees | \$3,000 |
| Project Contingency ~ 10% | \$550,838.81 |
| Total | \$6,310,300.00 |

The programmed revenue sources for this project totals \$6,310,300 made up of the following amounts and sources:

- \$150,000 is budgeted from Fund 3 – Street Reserve;
- \$237,400 is budgeted from Fund 10 – TDA;
- \$1,000,000 is budgeted from Fund 14 – TransNet;
- \$805,000 is budgeted from Fund 8 – SGIP;
- \$200,000 is budgeted from Fund 16 – Sanitation;
- \$557,900 is budgeted from Fund 27 – RTCIP;
- \$1,560,000 is budgeted from Fund 40 – IIG; and
- \$1,800,000 is budgeted from Fund 64 – CDA.

Discussion:

The LGA Realignment Project is the City's single largest construction project that originated more than a decade ago in preliminary design. When sufficient grant funds were applied for and awarded to the City, staff was able to begin construction on this project in 2016. As detailed in the background portion of this staff report, on June 21, 2016 the City Council awarded a construction contract to WCG in an amount of \$5,506,461.19. The estimated timeline to complete the project was 12 months or July 2017. Since construction began there have been a number events the impacted the scope of work, project timeline, and project budget, all of which are detailed in the section.

Attachment A

Scope of Work

As a summary, this project consists of grading, roadway modifications to the off-ramp, installation of curb, gutter, sidewalks and driveways, sewer and water main relocations, new street lighting, new traffic signals, traffic signing and striping, landscape and irrigation, railroad signaling and grade crossing improvements, railroad overhead contract system modifications, and pavement restoration. While not desired but fully expected, there were several events that occurred in the field that required project change orders. Up to this point in the project many of the costs fell within the established contingency originally approved. However, the most recent change orders now will place the project costs more than the established contingency and now staff is requesting that the City Council review the change order summary (shown below) with the recommendation that each are approved. By approving the change orders and new project budget, staff will be able to continue forward progress to complete the project this Spring.

Change Order Summary:

Attachment C outlines all revenues and estimated expenditures to complete the project. Contained in that table are eight changes to the original contract that either decreased or increased the project budget. Those changes are detailed below:

- WCG CO 1 – Street Furnishings: This item removed street furnishings that were located on North Avenue. Due to the segregation of the realignment project from the undergrounding project, staff felt that it would not be the appropriate time to include those items until both projects are completed. Impact: Cost decrease by \$10,104.
- WCG CO 2 – Grading Impacted Soil (Past Work): When the project was designed the original plan was to allocate a portion of the total soil on-site as impacted. The cost to manage impacted soil versus non-impacted due to on-site inspections and laboratory testing. However, it was noted that once the contractor began work rather than a portion of the soil on-site being impacted, all the soil on-site was impacted and required additional work to properly manage the required earthwork. This additional work was unforeseen by staff, yet it was necessary to continue to move forward to complete the project. Impact: Cost increase of \$471,809.
- WCG CO 3 – Sewer Jack & Bore: Due to the presence of an unforeseen concrete encasement surrounding the existing sewer main beneath the MTS tracks, the tunneling operation originally intended to be used to replace that line had to be modified to include "hand tunneling" operations which represented a change in work. Impact: Cost increase of \$110,653.
- WCG CO 4 – Grading Impacted Soil (All Future Work): During the development of CO 2, there is still a portion of soil that must be managed as a part of the final phase of the construction project. The process that was used to negotiate the cost to manage the impacted soil in CO 2 was used to negotiate with the contractor to also account for any future earthwork to complete the project. Impact: Cost increase of \$159,545.
- WCG CO 5 – MTS Insurance Costs: With the project duration exceed what was originally planned, the insurance requirements for MTS right of way permits have been increased since the project began. This item represents the increase in insurance premiums for the higher limits currently required by the new MTS permit. Impact: Cost increase of \$11,500.
- WCG CO 6 – Retaining Wall: Following the installation of sidewalk along the north east corner of Olive Street and North Avenue it was determined that a small retaining wall would need to be added to stabilize the foundation and driveway of the adjacent

Attachment A

property. This item represents an agreed upon lump sum price to perform this additional work. Impact: Cost increase of \$15,372.

- Infrastructure Engineering Company (IEC) – CO 1 – Additional Inspection Work: Due to the changes that are listed above, the amount of time that IEC has spent on site, working with WGC and coordinating information/permits/meetings with all utilities has increased. As such, the original scope of work presented by IEC has increased. This change order will budget an amount that will allow IEC to complete all construction management services until the project is completed. Impact: Cost increase of \$67,080.
- Rick Engineering – CO 1 – Additional Project Management Services/Undergrounding: Rick Engineering has provided project management services for the city since this project began. Originally, staff intended to use the same project manager to also assist with the overhead utilities undergrounding project because it should have occurred at the same time. However, with the undergrounding project now delayed until after the realignment project is completed, additional funding is now required to coordinate work with AT&T, Cox Communication and AT&T for an estimated two-year period until the undergrounding project is completed. Impact: Cost increase of \$77,000.

Realignment Project Separated from the 20A Overhead Utility Undergrounding Project:

Staff wanted to also provide a summary of the overhead utility undergrounding project which will occur in the same area as the realignment project. In April 2017, staff advertised a construction bid to underground all overhead utility facilities in the realignment project area as well as heading east on north avenue (**Attachment D**). Unfortunately, all bids received exceeded the franchise utility company's engineer's estimate for the City to manage the project. Staff approached AT&T, Cox Communications and SDG&E to inquire if each entity would be willing to increase each of their respective cost estimates to allow the city to award a construction project. The difference in cost that would have to have been absorbed by the utility companies totaled approximately \$140,000. The utility companies were not able to amend their cost estimates. That left staff with only one option to complete the realignment project and turn the undergrounding project over to SDG&E to now manage and complete as one of its own projects. Staff has met with the utility companies and the anticipated work to redesign the project, advertise, award, and construct is estimated to take 18 months. Staff estimates that this project will begin after the realignment project is complete, however, a definitive timeline is not available at the time this staff report was prepared. Staff will continue to monitor the undergrounding project and, as previously detailed, there will be a project manager that will continue to be the liaison with SDG&E to make the overhead utility undergrounding project a priority project.

Timeline

The original construction timeline when the project was awarded to WCG was 12 months. As noted in the previous section of this staff report, staff has experience several financial changes that negatively impacted the project budget. In addition to the financial impacts there are many reasons as to why the timeliness of the project was delayed. Those reasons are detailed below.

- *Caltrans*: Caltrans requested changes to the phase 2 traffic control plans. These changes were requested to minimize the disruption of detouring outgoing Lemon Grove Avenue traffic around and through La Mesa to access the Hwy 94 on and off ramps.
- *Helix Water District*: After plan approval, Helix required significant changes be made to the original water main plans which impacted the critical path for completion while revisions were created, reviewed and approved prior to constructing.

Attachment A

- *SDG&E*: Service orders for the electrical work were not issued because SDG&E was waiting to approve all work for the realignment and overhead utility undergrounding project simultaneously. A significant amount of time was required to get SDG&E to segregate the two projects and receive the necessary approvals just for the realignment project. This also caused all traffic signal work to be delayed until electrical service could be established.
- *Sewer Line Jack and Bore*: A concrete encasement around the existing sewer main was discovered while working underneath the MTS tracks. This resulted in the only course of action to hand tunnel with jack hammers.
- *Rain Events*: When the project was in the mass grading phase of construction there were significantly heavy rain events. Work was impacted by each individual rain event and each was amplified due to the saturate nature of the soil on site. The site was shut down for extended periods of time while the existing grade dried sufficiently to then be worked on. Furthermore, the rain also caused similar problems when exporting soil from the site.

With information available at the time this staff report was drafted, staff anticipates that the realignment project will be completed in Spring 2018. To error on side of caution, staff recommends that the current contract with WCG is extended through June 2018. During which time staff will continue to work closely with IEC (the City's construction management contractor) who performs work on-site daily. Staff remains cautiously optimistic that the project will continue forward progress and it will be completed this spring.

Budget

As noted in **Attachment C**, staff created a table that compared the original project budget of \$6.3 million to the revised project budget of \$7.2 million. As previously noted, each change order (detailed in a previous section of this staff report) were necessary actions to continue forward progress on this project. The city's project team (IEC, Rick Engineering, and the Engineering Division) has worked closely with the contractor to negotiate all costs which are now the most current cost estimates that staff recommends the City Council approve to complete the project. To date, all change orders, construction inspection costs, and project management costs will increase the project costs by an amount not to exceed \$903,080. The specific breakdown of the increases are \$759,000 for WCG, \$67,080 for IEC, and \$77,000 for Rick Engineering. |

Conclusion:

Staff recommends that the City Council adopts a resolution (**Attachment B**) approving the revised scope of work and project budget for the Lemon Grove Avenue Realignment Project.

Attachment B

RESOLUTION NO. 2018 -

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA APPROVING THE REVISED SCOPE OF WORK AND PROJECT BUDGET FOR THE LEMON GROVE AVENUE REALIGNMENT PROJECT

WHEREAS, the Lemon Grove Realignment Project was scheduled as a part of the city's five-year capital improvement program; and

WHEREAS, an agreement was awarded to West Coast General Corporation and established a project budget not to exceed \$6,310,300; and

WHEREAS, since the projects inception there have been several unforeseen events that delayed work and increased project costs; and

WHEREAS, it is necessary to increase the project budget and specific contract and agreement costs to mitigate the project delays and change orders; and

WHEREAS, the City Council finds it in the public interest that the recommended scope of work, budget and timeline are amended to allow West Coast General Corporation to complete the construction project. |

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lemon Grove, California hereby:

1. Establishes a project budget not to exceed \$7,277,799; and
2. Establishes a project timeline not to exceed June 2018 for the Lemon Grove Realignment Project; and
3. Authorizes the City Manager or designee to execute all amendments and manage all project documentation. |

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Attachment C

Lemon Grove Avenue Realignment Project Budget Summary

| Revenues | Approved Revenues | Requested Revenues | | Expenditures | Approved Expenditures | Requested Expenditures |
|-------------------------------|--------------------|--------------------|--|-----------------------------------|-----------------------|------------------------|
| SGIP Fund | \$805,000 | \$805,399 | | West Coast General | (\$5,506,461) | (\$5,506,461) |
| CDA – Gen Bond (Fund 64) | \$1,800,000 | \$1,900,000 | | CO 1 – Street furnishing | | \$10,104 |
| CDA – IIG (Fund 58/63) | \$1,560,000 | \$1,560,000 | | CO 2 – Impacted soil (past) | | (\$471,809) |
| TDA (Fund 10) | \$237,400 | \$237,400 | | CO 3 – Sewer J & B | | (\$110,653) |
| Street Reserve (Fund 3) | \$150,000 | \$159,000 | | CO 4 – Impacted soil (future) | | (\$159,545) |
| TransNet (Fund 14) | \$1,000,000 | \$1,586,000 | | CO 5 – MTS insurance | | (\$11,500) |
| RTCIP (Fund 27) | \$557,900 | \$555,000 | | CO 6 – Retaining Wall | | (\$15,372) |
| Sanitation District (Fund 16) | \$200,000 | \$475,000 | | BV/NV5 Design | (\$117,582) | (\$117,582) |
| | | | | IEC | (\$384,766) | (\$384,766) |
| | | | | CO 1 – Project Extension | | (\$67,080) |
| | | | | Rick Engineering | (\$153,282) | (\$153,282) |
| | | | | CO 1 – Project Ext./20A | | (\$77,000) |
| | | | | PRE (Rail Signaling System) | (\$38,064) | (\$38,064) |
| | | | | HNTB (Cons. Ins. Catenary) | (\$13,884) | (\$13,884) |
| Total Revenues | \$6,310,300 | \$7,277,799 | | Total Expenditures | (\$6,214,039) | (\$7,116,894) |
| | | | | Difference in Rev. v. Exp. | | \$160,905 |

20A Overhead Utility Undergrounding Map

Utility Undergrounding District No. 7

